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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

OMB APPROVAL

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FORM X-17A-5
PART III

SEC FILE NUMBER

8-67001

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING December 15, 2005 AND ENDING June 30, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

SHARPE 4 SECURITIES, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

450 Sansome Street, 16th Floor

OFFICIAL USE ONLY

FIRM ID NO.

| | | |
|---------------|------------------------|------------|
| San Francisco | (No. and Street) CA | 94111 |
| (City) | (State) | (Zip Code) |

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Edwin Barretto

415-248-2200

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report*

Harb, Levy & Weiland LLP

(Name - if individual, state, last, first, middle name)

| | | | |
|--|---------------|---------|------------|
| The Landmark @ One Market, 6 th Floor | San Francisco | CA | 94105 |
| (Address) | (City) | (State) | (Zip Code) |

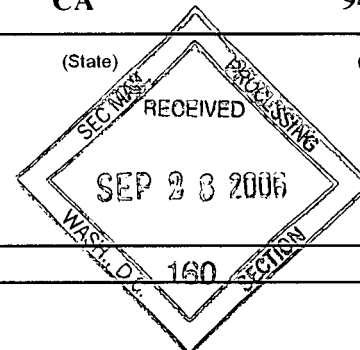
CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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FINANCIAL
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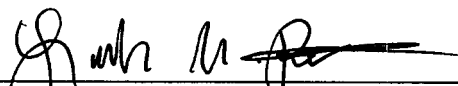
* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

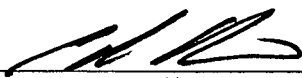
SEC 1410 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless this form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Edwin Barretto, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertain to the firm of Sharpe 4 Securities, LLC, as of June 30, 2006, and are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Subscribed and sworn to before me
this 27 day of Sept 2006


Notary Public


Signature
Managing Member
Title



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Operations.
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' Equity or Members' Equity or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Independent auditor's report on internal control required by SEC Rule 17a-5
- ☒ (p) Independent auditor's report on internal control required by SEC Rule 17a-5 for a Broker-Dealer claiming exemption from SEC Rule 15c3-3

• ** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



Independent Auditors' Report

To the Members of
Sharpe 4 Securities, LLC

We have audited the accompanying statement of financial condition of Sharpe 4 Securities, LLC as of June 30, 2006, and the related statements of operations, changes in members' equity and cash flows for the period December 15, 2005 to June 30, 2006 you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sharpe 4 Securities, LLC as of June 30, 2006, and the results of its operations and its cash flows for the period December 15, 2005 to June 30, 2006 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III and IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harb, Levy + Weiland LLP

San Francisco, California
September 18, 2006

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e-mail: hlw@hlwcpa.com www.hlwcpa.com

Sharpe 4 Securities, LLC
Statement of Financial Condition
June 30, 2006

Assets

| | |
|-----------------------|-------------------|
| Cash | \$ 337,653 |
| Office equipment, net | 2,766 |
| Prepaid expenses | <u>238</u> |
| | <u>\$ 340,657</u> |

Members' Equity

| | |
|-----------------|-------------------|
| Members' equity | <u>\$ 340,657</u> |
|-----------------|-------------------|

See Accompanying Notes to Financial Statements

Sharpe 4 Securities, LLC
Statement of Operations
December 15, 2005 to June 30, 2006

Revenue:

| | |
|-----------------|-----------------|
| Interest income | <u>\$ 3,864</u> |
|-----------------|-----------------|

Expenses:

| | |
|----------------------------|-----------|
| Interest | 136 |
| Professional fees | 6,434 |
| General and administrative | 3,103 |
| Depreciation | <u>80</u> |

| | |
|----------------|--------------|
| Total expenses | <u>9,753</u> |
|----------------|--------------|

| | |
|----------|--------------------------|
| Net loss | <u><u>\$ (5,889)</u></u> |
|----------|--------------------------|

See Accompanying Notes to Financial Statements

Sharpe 4 Securities, LLC
Statement of Changes in Member's Equity
December 15, 2005 to June 30, 2006

| | |
|--------------------------------------|-------------------|
| Members' equity, beginning of period | \$ 346,546 |
| Net loss | <u>(5,889)</u> |
| Members' equity, end of period | <u>\$ 340,657</u> |

See Accompanying Notes to Financial Statements

Sharpe 4 Securities, LLC
Statement of Cash Flows
December 15, 2005 to June 30, 2006

Cash flows from operating activities:

| | |
|----------|------------|
| Net loss | \$ (5,889) |
|----------|------------|

Adjustments to reconcile net loss to net cash
used in operating activities:

| | |
|------------------------------|--------------|
| Depreciation | 80 |
| Increase in prepaid expenses | <u>(173)</u> |

| | |
|---------------------------------------|---------|
| Net cash used in operating activities | (5,982) |
|---------------------------------------|---------|

Cash flows from investing activities:

| | |
|-------------------------------|----------------|
| Purchases of office equipment | <u>(2,846)</u> |
|-------------------------------|----------------|

| | |
|----------------------|---------|
| Net decrease in cash | (8,828) |
|----------------------|---------|

| | |
|---------------------------|----------------|
| Cash, beginning of period | <u>346,481</u> |
|---------------------------|----------------|

| | |
|---------------------|--------------------------|
| Cash, end of period | <u><u>\$ 337,653</u></u> |
|---------------------|--------------------------|

See Accompanying Notes to Financial Statements

Sharpe 4 Securities, LLC
Notes to Financial Statements
June 30, 2006

1. Business and Summary of Significant Accounting Policies Business

Sharpe 4 Securities, LLC (the "Company") is a California limited liability company formed on May 25, 2004. In March 2005, the Company changed its name from Montgomery Street Partners, LLC to Sharp 4 Securities, LLC. The Company is registered with the Securities and Exchange Commission as a fully disclosed securities broker dealer and is a member of the National Association of Securities Dealers (NASD). The Company became a member of the NASD on December 15, 2005.

The term of the Company expires in December 2010, unless terminated earlier. The term may be extended by amendment of the Operating Agreement.

As a limited liability company, the member's liability is limited to amounts reflected in the member's capital account.

Cash

Cash consists of money market account balances, certificates of deposits and cash on deposit with commercial banks. The Company has not experienced any losses thereon and believes it is not exposed to any significant credit risk on cash balances.

Office equipment

Office equipment is recorded at cost less accumulated depreciation. Depreciation is computed under the straight-line method using an estimated useful life of 5 years.

Income taxes

No provision for federal or state income taxes has been made because the Company's income is allocated to the members' for inclusion in their income tax returns.

Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Sharpe 4 Securities, LLC
Notes to Financial Statements
June 30, 2006

2. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1 during the Company's first year of operations as a broker-dealer, and shall not exceed 15 to 1 thereafter. At June 30, 2006, the Company had net capital of \$331,567, which was \$81,567 in excess of its required net capital of \$250,000 and had no indebtedness.

3. Related Party Disclosure

In November 2005, the Company entered into an agreement with Baypoint Trading LLC (Baypoint), whereby Baypoint will receive seven percent (7%) of any net profits the Company earns. Baypoint has no capital nor ownership interest in the company other than the profits interest pursuant to this agreement. Such agreement also encompasses a "Strategic Alliance" whereby Baypoint will provide certain general and administrative services to the Company. Such services will include providing office space for which it will charge the Company at Baypoint's cost. In addition, Baypoint will provide securities execution services to the Company.

SUPPLEMENTARY INFORMATION

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER: Sharpe 4 Securities, LLC

as of June 30, 2006

| | | | |
|---|-------|------------|--------------|
| 1. Total ownership equity from Statement of Financial Condition..... | | \$ 340,657 | 3480 |
| 2. Deduct ownership equity not allowable for Net Capital..... | | () | 3490 |
| 3. Total ownership equity qualified for Net Capital..... | | 340,657 | 3500 |
| 4. Add: | | | |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital..... | | | 3520 |
| B. Other (deductions) or allowable credits (List)..... | | | 3525 |
| 5. Total capital and allowable subordinated liabilities..... | | 340,657 | 3530 |
| 6. Deductions and/or charges: | | | |
| A. Total non-allowable assets from Statement of Financial Condition (Notes B and C)..... | 3,004 | 3540 | |
| B. Secured demand note delinquency..... | | 3590 | |
| C. Commodity futures contracts and spot commodities – proprietary capital charge..... | | 3600 | |
| D. Other deductions and/or charges..... | | 3610 | (3,004) 3620 |
| 7. Other additions and/or allowable credits (List)..... | | | 3630 |
| 8. Net capital before haircuts on securities positions..... | | 337,653 | 3640 |
| 9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f): | | | |
| A. Contractual securities commitments..... | | 3660 | |
| B. Subordinated securities borrowings..... | | 3670 | |
| C. Trading and investment securities: | | | |
| 1. Exempted Securities..... | | 3735 | |
| 2. Debt securities..... | | 3733 | |
| 3. Options..... | | 3730 | |
| 4. Other securities..... | | 3734 | |
| D. Undue Concentration..... | | 3650 | |
| E. Other | | | |
| 1. Certificate of Deposits..... | 6,086 | 3736 | (6,086) 3740 |
| 10. Net Capital..... | | \$ 331,567 | 3750 |

OMIT PENNIES

6A. Non-allowable assets:

| | |
|-----------------------|----------|
| Office equipment, net | \$ 2,766 |
| Prepaid expenses | 238 |
| Total | \$ 3,004 |

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER: Sharpe 4 Securities, LLCas of June 30, 2006

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

| | | |
|--|---------|------|
| 11. Minimum net capital required (6 2/3% of line 19)..... | \$ - | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)..... | 250,000 | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) | 250,000 | 3760 |
| 14. Excess net capital (line 10 less 13)..... | 81,567 | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19)..... | 331,567 | 3780 |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | | |
|---|---------|------|
| 16. Total A.I. liabilities from Statement of Financial Condition..... | \$ - | 3790 |
| 17. Add: | | |
| A. Drafts for immediate credit..... | \$ 3800 | |
| B. Market value of securities borrowed for which no equivalent value is paid or credited..... | \$ 3810 | |
| C. Other unrecorded amounts (List)..... | \$ 3820 | 3830 |
| 19. Total Aggregate indebtedness..... | \$ - | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)..... | - % | 3850 |
| 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)..... | - % | 3860 |

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

| | |
|---|------|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirement pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers of dealers and consolidated subsidiaries debits..... | 3970 |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement or subsidiaries computed in accordance with Note (A)..... | 3880 |
| 24. Net capital requirement (greater of line 22 or 23)..... | 3760 |
| 25. Excess capital (line 10 or 24)..... | 3910 |
| 26. Net capital excess of the greater of: | |
| A. 5% of combined aggregate debit items or \$120,000..... | 3920 |

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6 2/3% of aggregated indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

Sharpe 4 Securities, LLC
Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
June 30, 2006

The Company claims an exemption under Rule 15c3-3(k)(2)(ii) and therefore is not subject to the reserve requirements of Rule 15c3-3.

Sharpe 4 Securities, LLC
Information Relating to the Possession
Or Control Requirements Under Rule 15c3-3
June 30, 2006

The Company claims an exemption under Rule 15c3-3(k)(2)(ii) and therefore is not subject to the possession and control provisions of Rule 15c3-3.

Sharpe 4 Securities, LLC
Reconciliations Pursuant to Rules 15c3-1 and 15c3-3
June 30, 2006

1. Reconciliation of computation of net capital to respondent's computation

The reconciliation between Schedule I and the respondent's computation is as follows:

| | <u>Net Capital</u> | <u>Aggregate Indebtedness</u> | <u>Percentage</u> |
|----------------------------|------------------------|-----------------------------------|-------------------|
| Computation per respondent | \$ 331,567 | \$ - | - % |
| Computation per Schedule I | <u>331,567</u> | <u>-</u> | - % |
| Difference | <u>\$ -</u> | <u>\$ -</u> | |

2. Reconciliation of computation of reserve requirements to respondent's computations

The Company claims an exemption under Rule 15c3-3(k)(2)(ii) and therefore is not subject to the reserve requirements of Rule 15c3-3.



To the Members of
Sharpe 4 Securities, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Sharpe 4 Securities, LLC for the period ended June 30, 2006 we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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e-mail: hlw@hlwcpa.com www.hlwcpa.com

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2006 to meet the SEC's objectives.

It is not practicable for a company of this size to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and, as a result, greater reliance is placed on close supervision of accounting records by management on a daily basis.

This report is intended solely for the information and the use of the management, the SEC, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

San Francisco, California
September 18, 2006

Harb, Levy & Weiland LLP